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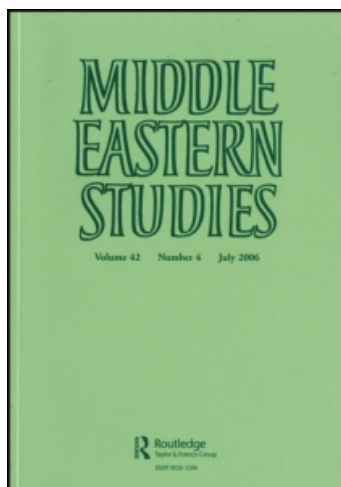
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The Formation of RCD: Regional Cooperation for Development

BEHÇET KEMAL YEŞİLBURSA

In April 1964, the regional members of the Central Treaty Organization (CENTO), Iran, Turkey and Pakistan, decided to hold periodical meetings at ministerial level to discuss their common problems. The governments of the United Kingdom and the United States were informed of this agreement at the time of the CENTO Ministerial Council Meeting in Washington in April 1964. The first meeting was held in Ankara on 3 and 4 July 1964, during which it was decided to set up an organization to promote economic, technical and cultural cooperation between the three countries, outside the framework of CENTO. This decision was approved of by the Heads of State meeting in Istanbul on 20 and 21 July 1964, and the organization was given the name of 'Regional Cooperation for Development' (RCD).¹

It was largely their dissatisfaction with CENTO that led them to form this new organization, although other motives might have been the Shah's desire to gain political, domestic and international prestige from this diplomatic initiative; President Ayub's feeling of bitterness towards the West over India; Turkey's frustration over Cyprus; the general desire of all three countries to show their independence, though not to the extent that would require them to resort to CENTO; and a conviction that they might really be able to benefit economically from the new organization.²

The President of Pakistan, Mohammad Ayub Khan, visited Turkey from 3 to 5 July 1964 on his way to London following similar visits to Kabul and Tehran. A tripartite meeting of the foreign ministers of Turkey, Pakistan and Iran was held at the same time. However, on his arrival in Ankara on 3 July, President Ayub Khan proposed the conclusion of a formal pact between the three regional members of CENTO: Turkey, Pakistan and Iran.³

President Ayub Khan and the Foreign Minister Zulfikar Ali Bhutto felt deeper resentment than ever before over the question of western arms supplies to India.⁴ They argued compellingly that there was no current military threat to India from China, that the types of arms being supplied were not suitable for use on the Chinese frontier and that they constituted a direct threat to Pakistan. As a result, they urged for stronger language in the communiqué on India and Kashmir. The foreign ministers of Turkey and Iran had to work hard to reduce it to a more acceptable form. However, they accepted without question the wording proposed on Cyprus.⁵

In the opinion of the Turkish government, it was neither desirable nor necessary to conclude any new political agreement in addition to, or substitution for, the CENTO

treaty, and this remained the basis of their policy. Instead, they believed that practical arrangements for stronger economic and cultural collaboration between the three regional members of CENTO would have the double purpose of strengthening CENTO itself and creating a core of regional cooperation which non-committed countries in the region, for example Afghanistan, Kuwait and even Iraq, might join in the future. The Turkish government assured the British government that it did not intend to weaken or to deviate from CENTO, but rather to reinforce it.⁶

The Iranian government was also reluctant to go along with the Pakistani proposal for a new political agreement. The Iranian foreign minister, Abbas Aram, confirmed to the British ambassador to Ankara that, both in Tehran and in Ankara, the Pakistanis had made proposals for a new tripartite organization, which the Iranians had opposed on the grounds that it was going too far in the direction of duplicating, or even superseding, CENTO.⁷ However, in spite of this concern, the Iranian prime minister was reported by Tehran radio as speaking of 'founding with our two great neighbours, Turkey and Pakistan, a great political, economic and cultural union'.⁸

The Iranian secretary-general of CENTO, Dr. A.A. Khalatbary, also followed these developments with concern. He told the British ambassador to Ankara on 7 July 1964 that 'the Pakistanis must not be allowed to set up an escape hatch from CENTO'.⁹ At that time, it probably suited both the Pakistanis, because of Kashmir, and the Turks, because of Cyprus, to appear to be making a slight move in the direction of neutralism. However, it seems that the Pakistanis were prepared to take a much more radical step than the Turks were prepared to even contemplate. Thus, the proposed meeting of heads of state on 20–21 July 1964 seemed 'to be designed as a compromise'.¹⁰

In 1964, events in Cyprus brought Turkey face to face with the limitations imposed upon its freedom of action by its economic weakness and western alignment. Turkey felt disappointment with its allies, resenting their attitude of detachment. These emotions led to a preliminary search for a more independent policy. No radical new departures were made; however, undercurrents were set up which Denis Allen, the British ambassador to Ankara, believed may gradually erode the bases of Turkey's traditional post-war policies. Turkey's dependence upon its western allies, especially the United States, and the realization that this hindered Turkey's freedom of action over Cyprus, activated the country's desire to pursue a more independent policy and to broaden contacts with its CENTO neighbours in the new RCD.¹¹

In addition to bilateral talks between Turkey and Pakistan, the regional tripartite talks between the foreign ministers of Iran, Pakistan and Turkey, which had been arranged during the CENTO Council meeting in Washington in April 1964, were held in Ankara on 3 and 4 July 1964 to review the matters of bilateral and multilateral cooperation among their countries. At the end of the meetings, it was announced on 5 July that they had decided to increase mutual economic, technical and cultural cooperation outside the structure of CENTO. The ministers examined the specific problems of common interest to their countries and reinforced their belief that the existing cooperation in the economic, technical and cultural fields among the three countries should be further augmented. They concluded that there was also a large area of cooperation outside the CENTO framework, and decided to

collaborate on national projects in the fields of communications, agriculture, industry, mineral resources, education, health and regional development and to strengthen this collaboration by technical cooperation.¹²

The most significant result of the many talks held during President Ayub's two-day visit was the suggestion that the regional countries of CENTO should work more closely together to develop ties between themselves and other Muslim countries in the region. The tripartite communiqué, issued on 5 July, announced the three governments' decision to this end and specified their wish to collaborate more closely in the economic and cultural fields.¹³

Both the Pakistanis and the Turks had their own ideas to propagate, and the Iranians appeared to be happy to follow. It seemed that the Pakistanis came to Ankara with quite radical ideas about the possible scope and scale of regional cooperation which they would be prepared to see take place outside the structure of existing organizations.¹⁴ However, their success was only limited. For the Turks, on the other hand, the most important aspect of the visit was to secure the support of Pakistan and, as the tripartite communiqué showed, of Iran as well, for their views on Cyprus.¹⁵

The communiqué of the bilateral Turkish-Pakistani talks made it clear that, in return for Turkish support on the questions of Kashmir and of Pakistan's relations with India, President Ayub Khan was prepared unequivocally to support Turkey over Cyprus.¹⁶ However, on 8 July 1964, Allen commented that

It still remains to be seen how far Pakistan's concern over Kashmir and the Turkish fears about the way events are moving in Cyprus will cause them to attempt to show their independence of their allies by talking about going off on their own. At the moment, the Turkish assurances that there is no intention of derogating from CENTO can, I think, be taken at their face value. So long as this remains the case the growing urge towards co-operation between the regional members of CENTO is to be welcomed. But for the future much of course will depend on whether the Turks are later faced with an unacceptable solution for Cyprus and find it necessary to give more positive expression to their disillusionment with their Western allies.¹⁷

The decision taken after the tripartite meeting of the foreign ministers of Turkey, Pakistan and Iran to increase economic, technical and cultural cooperation did not surprise to the British government. However, the government did not expect this new development to be given so much publicity, or that it might result in a tripartite declaration of the heads of state. Nor did the Turkish or Pakistani government inform the British government beforehand, which alarmed the British, whose views were as follows:

- a) It seems very doubtful whether this development has in origin much to do with economic and cultural co-operation. None of the regional countries has much to offer the others in these fields and the CENTO economic programme has hardly indicated great enthusiasm among the regional members for this sort of co-operation. The impetus seems to be political. It no doubt reflects a sense of frustration on the part of the regional members at the lack of CENTO support

over their particular problems (e.g. Cyprus, Kashmir) and a wish to obtain a wider field of manoeuvre and to increase links with the non-aligned countries. The Iranians and Pakistanis in particular would like to develop links with Afghanistan.

- b) We do not think it is likely to affect continued support for CENTO as a guarantee against communist aggression at any rate in the short term. In so far as it encourages regional co-operation and improved relations between the regional members and their non-CENTO and non-Communist neighbours it is to be welcomed.
- c) Nevertheless, if the Pakistanis are going so far as to propose a parallel tripartite organisation, we shall have to consider seriously the effect on CENTO.¹⁸

The State Department was largely in agreement with the British views. They clearly saw some possible advantages in associating Afghanistan with the CENTO countries, but were not inclined to over-emphasize this point. They saw similar advantages in binding Pakistan's interests more closely to its western allies and believed that a closer Pakistani relationship with Iran in particular could help the Shah play a useful role in moderating stubborn Pakistani attitudes. However, the encouragement the Americans gave this Iranian initiative was low key, and their intention was to avoid involving themselves further in the movement until their advice or assistance was required.¹⁹

The British foreign secretary spoke to President Ayub at the Commonwealth Conference in London in July to glean some information on the origins of the tripartite organization and on Pakistani intentions. However, President Ayub did not comment in any detail but said that there was nothing in it that should be a source of worry for the British government. He described the proposed move as 'sensible and non-dramatic measures between friendly countries with no ulterior motive'.²⁰

On 10 July 1964, Pakistani foreign secretary, Aziz Ahmed, told the British high commissioner to Karachi that Pakistan had long wished to increase the area of cooperation between Pakistan and its Muslim allies. He added that the country also hoped to firm up its relations with Afghanistan. Because of Pakistan's relatively larger size and weight among the regional members of CENTO, it had thought it wise in the past not to be too eager. However, now that Turkey and Iran themselves seemed ready for closer cooperation, Pakistan felt obliged to respond and was anxious to take full advantage of this opportunity for building up greater cooperation with the Turks and Iranians. He thought that Pakistan could contribute a great deal, particularly in the sphere of development and administration, to building up a situation of strength in Iran and Turkey and thereby placing both countries in a stronger position to resist communist subversion from whatever quarter it came, 'namely from Russia or from China'. This objective originated not only from motives of altruism and a desire for cooperation between Muslim countries, but from simple commonsense. Pakistan had to exist under the shadow of three giant states (India, China and Russia) and it would only be prudent to draw more closely together with similarly threatened Muslim countries in the same region. Although the Pakistanis did not intend to press this prematurely, it was their hope that Afghanistan also would join in the new regional understanding. However, Aziz

Ahmed did not mention that the new enterprises had been undertaken because of dissatisfaction with CENTO or western policies. Nor did official guidance or the press represent it thus, at least as far as an anti-western move.²¹

The high commissioner commented that 'apparently the proposed new arrangements do not involve defence though they may overlap to some degree with the subsidiary purposes of CENTO, e.g., economic'.²² On the other hand, he said, moves towards closer links with Turkey and Iran may help Pakistan from the internal political aspect, since

- a) They are popular in themselves with public opinion particularly when combined with affirmations by [Turkey and Iran] of support for Pakistan case on Kashmir.
- b) They demonstrate independence of Pakistan foreign policy in reaction to continuing western arms aid to India. As such they are greatly preferable to the dubious alternative of some closer involvement with China, and indeed if not directed against CENTO could represent a useful complement to it.²³

Although the Foreign Office found Aziz Ahmed's account of Pakistani motives on the whole reassuring, they did not want to prevent cooperation of the regional members either *inter se* or with non-CENTO neighbours, particularly if the Pakistani initiative was to a certain extent an alternative to further involvement with China. Against this, President Ayub's letter to President Johnson dated 10 July 1964 indicated that Pakistani discontent should not be underestimated. There also remained some possibility that, whatever their motives, the Pakistanis would urge their regional allies (Turkey and Iran) to enter into a political agreement apart from CENTO and which might in effect become a substitute for it. This would constitute a considerable embarrassment for the British government and would certainly weaken the CENTO alliance.²⁴

On 17 July, the Foreign Office instructed the British ambassadors to Ankara and Tehran to speak to the foreign ministers of Turkey and Iran before 20 July to reinforce their concern and try to keep the new developments manageable. It was important that the Foreign Office avoid the impression of seeking to sabotage Pakistani plans for regional cooperation in doing so; therefore the Foreign Office instructed those British ambassadors to speak along the following lines:

We warmly welcome increased co-operation between the regional members of CENTO. Nevertheless, we share their concern and those of Dr. Khalatbary about the danger of allowing any organisation that is set up to duplicate and consequently weaken CENTO, especially if it were to be given political responsibilities. There is bound to be some risk that the creation of new institutions may tend to encourage the regional governments to neglect those of CENTO, and there would seem to be advantage in making sure from the start that the terms of reference of the new organisation are suitably limited, so as to minimise this danger. We hope that they will have these considerations in mind in their discussions on July 20.²⁵

The following day, the British ambassador to Tehran spoke to the foreign minister, Abbas Aram, in the vein of the Foreign Office telegram. Abbas Aram told

the British ambassador that while the prime minister's words might reflect some of the Shah's thoughts, they did not reflect his. He added that he thought it inevitable that the Cyprus and Kashmir disputes would be mentioned in the communiqué to be issued at the end of the Istanbul meeting.²⁶

At the tripartite heads of state meeting in Istanbul on 20–22 July 1964, Allen spoke to the Turkish and Iranian officials in accordance with the instructions of the Foreign Office saying that the Turks had stated repeatedly, both in private conversation and in public, that the current tripartite discussions related to economic, technical and cultural cooperation alone and had no political military significance. Most Turkish officials concerned, he continued, were aware of the difficulties of attempting to plan technical cooperation on a tripartite basis without outside aid, and they insisted that their intentions were not to damage CENTO.²⁷

According to Allen, the Iranians were also making profuse assurances that CENTO would not be weakened and that the discussions have related only to the principles and methods of practical cooperation. On 20 July, in a long conversation with the Shah, the latter assured Allen that his policy of alliance with the West had in no way changed and would continue. The Shah spoke in a similar way to the United States ambassador and the CENTO secretary-general. While the Iranian foreign minister also took a realistic view, said Allen, his 'feet may be less firmly on the ground'.²⁸

In Allen's opinion, it was the Pakistanis who were making all the running. They were noticeably less confiding and forthcoming with him than were the Turks and Iranians. Therefore, during the tripartite heads of state meeting in Istanbul on 20–22 July, he had no opportunity for a real discussion with either President Ayub Khan or Foreign Minister Bhutto, and so reported that despite Turkish and Iranian hesitations and Britain's own opposition 'some sort of machinery' was likely to emerge.²⁹

However, while recognizing the need to give the Pakistanis some satisfaction over this, the Turks and Iranians succeeded in avoiding the creation of any new permanent organization of a political character. The communiqué issued on 22 July provided only for 'secretarial arrangements' to serve the periodical meetings of the ministers and planners.³⁰

The Turks and Iranians told Allen that they were pleased with the outcome and hoped the British government was too. He was also assured that published documents represent all that was decided and that there were no confidential agreements. The Pakistanis gave every appearance of having accepted with good grace the somewhat limited compromise agreement that had been reached. As a result, Allen proposed the Foreign Office to send warm welcome messages to the three regional members of CENTO.³¹

While the Foreign Office accepted that the tripartite communiqué did not contain any immediate adverse implications for British interests and might represent an encouraging increase in regional cooperation for economic development purposes, it was doubtful of the wisdom of sending a published congratulatory message to the foreign ministers of the three regional members for the following reasons:

- a) A message of this sort could well hinder any subsequent association with the new developments of non-aligned neighbouring countries, in particular Afghanistan. Soviet propaganda has lost no time in branding the new organisation as an

imperialist stalking-horse and would no doubt exploit a message of the kind proposed in this context.

- b) Although at present the omens are fair, we are reluctant to give such public blanket endorsement to this development at this very early stage.
- c) The regional countries might well not welcome a public statement of congratulation both for the reasons at (a) and also as suggesting an attempt on our part to be more closely associated with the new organisation than they (the Pakistanis particularly) consider desirable.³²

Therefore, the Foreign Office suggested action at a somewhat lower key:

- a) That our representative at the next [CENTO] Council meeting [on 30 July] should make a congratulatory statement, and
- b) That our representatives in the three capitals should make it known now to the three Foreign Ministers that we intend to do so on July 30.³³

In order to pursue a common line of action, the Foreign Office sought the opinions of the State Department on its views above.

The State Department acknowledged the risk that a public statement of welcome to the new organization might deter the Afghans from closer association with it. Although still tentative, its assessment of the new tripartite association had become increasingly favourable in the light of Hare's, the American ambassador to Ankara, reports of his conversations with Turkish, Iranian and Pakistani officials during the meeting of heads of state in Istanbul and the tripartite communiqué. Hare had reported that the participants in the meeting were very firm in their assertions that the new association was in no way intended to belittle CENTO. The communiqué appeared to the State Department to have no adverse implications for United States interests, and to show considerable promise for constructive development.³⁴

The foreign ministers of Turkey, Iran and Pakistan were glad to receive a brief congratulatory message from the Foreign Office and State Department; however, they were well aware of the danger of an overly enthusiastic blessing from the West.³⁵

In the restricted session of the CENTO Council on 30 July 1964, the three regional representatives made statements about the decisions taken by Turkey, Iran and Pakistan at their summit meeting in Istanbul on 20–21 July 1964. They said that the published documents represented all the decisions made and that there were no confidential agreements; but all three representatives made the point that RCD was a continuation of the true spirit of CENTO, being a parallel and additional effort to reinforce regional collaboration. They also said that the heads of state were aware of CENTO's own contribution in bringing the three regional countries together and that there was no question of loosening their ties with CENTO. They added that they would continue their collaboration in CENTO 'with the same zeal and zest'.³⁶

The British and American ambassadors then made statements in accordance with the instructions given to them by their governments to convey their warm congratulations to the regional governments. They said that because regional cooperation had been one of the main aims of CENTO from its outset, they were pleased now the time had come when the regional countries themselves felt able to get together and reinforce this cooperation. They welcomed RCD and added that

they hoped to follow the progress of the new organization, which was important since many items on its programme were the same as items of the CENTO economic programme, entailing an area of overlapping which would have implications and consequences for CENTO.³⁷

Dr. A.A. Khalatbary, secretary-general of CENTO, then spoke and expressed his satisfaction at the views which had been expressed in the council. He said that from the outset he had been totally confident that the new regional initiative would neither do harm to CENTO nor disunite its members. He promised that the Secretariat would follow the progress and activities of RCD in order to harmonize CENTO's economic activities with it. He welcomed the prospect of competition which would lead to greater development in the region. He added that some of the proposals in the RCD programme, such as collaboration between the airlines of the three countries, were ones which CENTO had been urging for years, but which had not been well received when put forward under CENTO auspices.³⁸

The objectives of RCD were announced in the communiqué issued after the meetings of the foreign ministers on 3 and 4 July 1964 in Ankara, and the heads of state of the three regional countries on 22 July 1964 in Istanbul; and in a third, more detailed document, based on the report of the preparatory meeting of finance ministers and planning experts, held on 18 and 19 July 1964 in Ankara. The main aim was to accelerate national development and growth through active and sustained regional collaboration. The communiqués stated that the new organization would operate without damaging its members' activities within other regional organizations³⁹ and that the members would be open to the consideration of the participation of other regional countries.⁴⁰

The stated aims of RCD were to foster regional cooperation in the fields of economy, technology and culture. The communiqués mentioned a number of proposals for cooperation in trade, postal services, communications, tourism, education, health, agriculture, mineral resources, industry, technical assistance and cultural activities. According to the joint statement by the heads of state of Iran, Pakistan and Turkey on 22 July 1964, it was agreed in principle:

- 1) To a free or freer movement of goods through all practical means such as the conclusion of trade agreements.
- 2) To establish closer collaboration among existing Chambers of Commerce and eventually a joint Chamber of Commerce.
- 3) To the formulation and implementation of joint proposed projects.
- 4) To reduce postal rates between the three countries to the level of internal rates.
- 5) To improve the air transport services within the region and the eventual establishment of a strong and competitive international airline among the three countries.
- 6) To investigate the possibilities of securing a close co-operation in the field of shipping including the establishment of a joint maritime line or 'conference' arrangements.
- 7) To undertake necessary studies for construction and improvement of rail and road links.

- 8) To sign at an early date an agreement with a view to promoting tourism.
- 9) To abolish visa formalities among the three countries for travel purposes.
- 10) To provide technical assistance to each other in the form of experts and training facilities.⁴¹

The RCD directed its activities in the following four stages:

1. *The Ministerial Council* was the highest decision-making body and composed of the foreign ministers of the respective governments with the occasional participation of other ministers. It considered and decided upon measures for regional economic and cultural cooperation and followed up the progress made in the execution of its decisions. It met three times a year, or more frequently if necessary, and its venue rotated between member countries. The chairman of the council was the head of state or head of government of the country which was host for its meetings.⁴²
2. *The Regional Planning Committee* was a coordinating body between the working committees and the Ministerial Council composed of the heads of the members' planning organizations, assisted by advisers and expert consultants. It submitted reports and recommendations based on the findings of the working committees on work relating to regional collaboration and harmonization of national development plans to the Ministerial Council.⁴³
3. *The Working Committees* were entrusted with the specific objectives of the RCD programme and consisted of representatives of the departments of the three member governments concerned with the subject. Their purpose was to explore and recommend the various possible areas of cooperation for member countries and to report their findings to the Regional Planning Council. A number of committees were set up in the following areas: joint purpose enterprises; petro-chemistry; petroleum; trade; banking and insurance; technical cooperation and public administration; culture; correspondence; tourism; transportation; post and telecommunications; roads and railways; air transport; shipping; budget and administration; health; agriculture; women's cooperation; information.⁴⁴
4. *The Secretariat* was responsible for the administration and coordination of RCD activities. At the outset, there was no permanent Secretariat, and arrangements were made for it to be located in each of the three countries by rotation for a year. This was found to be impracticable within a few months of the formation of RCD, so Tehran was made the headquarters of the Secretariat for three years, and subsequently until 1985.⁴⁵

The leader of the Turkish delegation made the following statement to the Regional Planning Council meeting in January 1967: 'Although we have achieved closer co-operation and a better understanding, we are yet to see the concrete results of our joint efforts.'⁴⁶ Although this was largely true, it did not decrease the political significance which the member countries attached to RCD. Plans for joint enterprises moved slowly, which was partly the result of a conscious decision by the members to concentrate in the early stages on relatively simpler projects, and not to embark on ambitious schemes with hastily drawn up plans. However, after two years RCD was still largely in the stage of conferences, communiqués and superficial booklets. There

were three factors behind the relatively small achievements of RCD: lack of funds; the difficulties of reconciling the conflicting interests and claims of the members; and administrative difficulties resulting from the low quality of the administrations of the member countries. In the face of these obstacles, the Foreign Office believed it would be very difficult indeed for RCD to make much concrete progress in the economic field at that time.⁴⁷

Up until 1967 there were seven Ministerial Council meetings which achieved the following: reduction of postal, telegraph and telephone rates (1964); trade agreements between Turkey and Iran, and Pakistan and Turkey (1964); a tripartite agreement on tourism and bilateral agreements on the abolition of visas (1964); a domicile, trade and transit agreement between Iran and Pakistan (1965); RCD Insurance Centre (1965); RCD Joint Chamber of Commerce (1965); RCD Cultural Institute (1965); RCD Shipping Service (1966); RCD reinsurance pools (1966); agreement on a banknote paper mill and carbon black and aluminium plants (1966); RCD Payments Union (1967).⁴⁸

The stated aims of RCD in the field of communication and transport were that efficient and effective means of communications and transport were necessary for the promotion of regional economic and cultural collaboration.

The stated objectives of RCD in the field of air transportation were to improve air transport services within the region, with the ultimate aims of establishing a joint international airline and developing common policies in international forums. The proposal for the joint airline was based on the idea that it would not be economic for each of the regional countries to attempt to maintain international status by developing national airlines; to that date it seemed to have been only a statement of intent. The project was discussed in an expert committee on the basis of proposals submitted by Pakistan International Airlines (PIA). The Foreign Office believed that establishing a joint airline would be extremely difficult, involving a great deal of renegotiation of traffic rights with other governments. There was the extra difficulty in that the Foreign Office saw PIA as a considerably better airline than its Iranian and Turkish counterparts; it had been until recently the only fully international airline in the three countries. It had been reluctant to join with two inferior partners, and so the joint airline project was eventually abandoned.⁴⁹

Cooperation was achieved to some degree, however. In February 1966, the three national airlines agreed to act as general sales agents for each other in their respective countries, and later in the year PIA and Iran air started operating jet services via Istanbul. Pooling agreements and agreement on a joint approach in international forums were reached.

When RCD was formed, an agreement was made to research the possibilities of establishing a close cooperation in the field of shipping, including the formation of a joint maritime line. The RCD Shipping Service started operations on intra-regional routes in June 1966, six months later than originally planned, because of difficulties in the introduction of uniform freight charges, and formalities with the US Federal Maritime Commission. Services to the US were planned for August 1966; the January 1967 Ministerial Council communiqué noted that these were under way.⁵⁰

The RCD Shipping Service was an administrative amalgamation of existing lines run by a General Committee with representatives of all member lines. The chairman was Turkish, with Iranian and Pakistani sub-chairmen; the general manager was

Pakistani. The headquarters of the Service were at Istanbul. Regional offices were set up in each country, with an office in the US. The share entitlements for shipping profits were Iran 15 per cent; Pakistan 50 per cent; Turkey 35 per cent. These shares were allocated in accordance with each country's trade with the US and were subject to annual review. The operating expenses were divided proportionately to the share entitlement.⁵¹

While the RCD Shipping Service was still in its infancy, the January 1967 Ministerial Council communiqué compelled member governments to give it fuller support. The ultimate aim of the three countries in this field was to strengthen themselves so that they could carry a fair share of their own trade in their own ships. This involved bringing to an end the domination of foreign shipping in the maritime trade of the three countries and to the foreign distribution ring in Iranian oil.⁵²

There were three main areas of trade in which the countries were hoping to engage; internal shipping between the three countries; Far Eastern traffic and traffic with the US. Intra-regional trade was small, comprising mainly the transport of oil from Iran. The region's most extensive trade was with the US, and it was in this route that the Shipping Service showed most interest. To that date, only a minor part of traffic between the region and the US was carried by ships from the RCD countries. The latter decided that they needed to take steps to ensure that, as far as was possible, 50 per cent of their imports from the US, and as much of their exports as practicable, should travel in ships of the three countries. However, they did not have enough ships in their possession at the outset to carry this amount of cargo, and they had to charter or purchase more. There were between 24 and 30 ships initially operating the Shipping Service, mostly contributed by Turkey and Pakistan.⁵³

At the Istanbul Summit Conference in July 1964, the three countries agreed to conduct the studies necessary for the construction and improvement of rail and road links. Nothing is actually known to have been done, or planned, on any links other than those improved, constructed or planned under the protection of CENTO. In the Foreign Office's opinion, by labelling them 'RCD links' in their communiqués, the RCD authorities were relying on creating an illusion of RCD activity in this field.⁵⁴ Finally, it was agreed that the postal, telegraph and telephone rates between the three countries should be reduced to the levels of internal rates within them.

Almost all the decisions of the Istanbul Summit Conference in this sphere had been implemented by December 1964. Postal rates between the three countries were reduced to the level of internal rates; and significant reductions were made in telecommunications rates.⁵⁵

The RCD communiqués of July 1964 stressed fostering trade as a means of promoting regional economic growth. With this end in view it was agreed:

- (a) That there should be a free or freer movement of goods through all practical means such as the conclusion of trade agreements;
- (b) That close co-operation should be established among existing chambers of commerce, leading eventually to the formation of a joint chamber of commerce;
- (c) That transit trade agreements should be formed;
- (d) That there should be increased participation in each other's trade fairs;
- (e) That information on the export and import potentials of the three countries should be disseminated on a large scale;

- (f) That there should be an investigation of the possibilities of joint publicity and joint marketing policy outside the region, of similar exportable products.⁵⁶

Trade agreements were signed between Turkey and Iran on 2 September 1964, and between Pakistan and Turkey on 19 December 1964; a domicile, trade and transit agreement between Iran and Pakistan was ratified by July 1965. In fact, these trade agreements only accorded formal status to the already existent commercial traffic between the countries. A recommendation that the Iran–Pakistan domicile, commerce and transit agreement be exemplary for similar agreements between Iran and Turkey, and Turkey and Pakistan was under review in December 1967. In addition, the August 1967 Ministerial Council authorized studies of the facilities and capacity of the Turkish ports of Trabzon and Iskenderun, with the aim of maximizing the flow of Iranian transit trade through them.⁵⁷

The draft agreement for the RCD Chamber of Commerce as signed in October 1964 was approved by March 1965. The Ministerial Council Meeting and the Chamber was inaugurated at the end of August 1965 in Tehran. The Chamber of Commerce was to act as a repository and information centre for data on the economies of the member states, and to bring together private importers and exporters in the three countries. Comments at the time of the January 1967 Ministerial Council Meeting suggest that its achievements in promoting intra-regional trade were minimal.⁵⁸

The Trade Committee drew up ambitious and over-optimistic lists of commodities in which it saw a possible expansion of trade. Special investigations were made into ways of expanding trade in manufactured goods and into the feasibility of joint export policy and marketing arrangements for common products. The Committee recommended that lists of importers and exporters in the countries be exchanged and notifications of tenders made. However, by December 1967, little had come of these investigations and recommendations.⁵⁹

Another measure taken with the aim of promoting trade was the adoption of a payments mechanism between the three countries. An agreement providing for the formation of a Payments Union was signed on 25 April 1967, and came into effect on 1 July 1967. The Payments Union was to control and settle any surpluses and deficits arising from trade between the three countries. Each of the central banks was to advance \$2 million credit to each of its partners. Payments between the countries were to be 50 per cent in hard currency; and the other 50 per cent credited to the country making the sale.⁶⁰

In July 1964, a working group on petroleum was established to investigate the possibility of cooperation among the three countries in the field of petroleum and natural gas, and for exploration, drilling, exploitation, refining, transportation and distribution. In May 1966, the Ministerial Council agreed on the general principles governing joint ventures in exploration and exploitation. By the end of 1966, a joint venture was under way in Moghan in Iran, with Turkey and Pakistan participating in Iran's oil prospecting activities. In January 1967, the Ministerial Council approved in principle the building of an oil refinery in Izmir in Turkey by 1969, with the cooperation of the other two members. In December 1967, it was planned for the realization of this project to be studied by Turkey and Iran, the latter supplying the crude oil needed. There was at that time already a Turco-Russian project for

building an oil refinery in Izmir. Since it would not be viable for two oil refineries to be built in Izmir, it seemed probable that RCD would adopt the former project; however, it was not realized. The Council also asked Iran to study a Turkish proposal for the construction of a pipeline from the Iranian oilfields to the Turkish Mediterranean port of Iskenderun, and also the possibility of Pakistan participating in oil prospecting in Kerman in Iran. Press reports released in January 1967 announced Iranian participation in the construction of a petroleum refinery in Pakistan to be supplied with crude oil from Iran.⁶¹

Joint enterprises in petrochemicals were dealt with in a separate committee set up in July 1965 which conducted studies into the production and sale of petrochemical products. In May 1966 the Ministerial Council reached an agreement on the exchange of petrochemical products amounting to several million dollars, covering synthetic rubber, synthetic fibres and chemicals for industrial use.⁶²

The objectives stated on the inauguration of RCD in July 1964 were to sign at an early date an agreement to promote tourism, and to abolish visa formalities among the three countries for purposes of travel. These objectives were quickly achieved. The first Ministerial Council Meeting in October 1964 approved a tripartite agreement on tourism, designed to increase the number of tourists to and from the three countries and to attract more foreign tourists to the area by cooperation in tourist publicity and public relations, and by the standardization of roads and driving regulations. The agreement provided for the establishment of tourist information offices in the three countries and of joint offices in other countries. At the same time, bilateral agreements for the abolition of visas for nationals of the three countries travelling within the region were reached. Under these agreements visas were not necessary for visits of less than three months. In 1965, it was agreed to replace passports with RCD identity cards for travel in the region. In 1966, special efforts were made to promote youth tourism by reductions in fares, the provision of youth hostels and other measures.⁶³

A working committee on Banking and Insurance was formed with the aim of recommending measures for collaboration in these fields. In March 1965, the Regional Planning Committee recommended the establishment of an insurance centre to further RCD collaboration in this area. The RCD Insurance Centre was set up in Karachi in July 1965 and was manned by a mixed executive staff from the Pakistan Insurance Corporation, the *Bimeh* Iran and the *Milli Reassurans* of Turkey. It served as a main channel for the exchange of information and personnel, and for facilitating the exchange of insurance business. The long-term objective was to integrate the insurance markets of the three countries and take in more reinsurance in the region in order to reduce the outflow of foreign exchange.⁶⁴

The RCD Insurance Centre assisted the technical committee in examining the establishment of reinsurance pools. Three RCD reinsurance pools were set up in July 1966, and started accepting business from 1 January 1967. These were (1) accident, to be managed by *Bimeh* Iran; (2) marine (hull-cargo), to be managed by the Pakistan Insurance Corporation; and (3) fire, to be managed by the *Milli Reassurans* Company of Turkey.⁶⁵

In the field of banking it was recommended that the mints of the three countries open branches in important commercial centres in each other's countries; however,

by the end of 1966 none had been established. In December 1967, a feasibility report on the question of a joint commercial bank in the RCD region was being prepared.⁶⁶

The stated objective of RCD in this field was to provide technical assistance to each other in the form of experts and training facilities, largely in the fields of education, agriculture, industries, medicine, communications, community development and public administration. In March 1965, the Ministerial Council approved a general agreement on technical cooperation, defining its aims, fields of activity and financial arrangements. The 1965 technical cooperation programme included the award of 122 scholarships and fellowships, the exchange of 11 experts and holding of seminars. The 1966 programme foresaw training facilities for 50 Iranians, 50 Pakistanis, and 41 Turks and called for the exchange of 23 experts and the holding of seven seminars. The 1967 programme provided for the training of 113 Iranians, 83 Pakistanis, and 51 Turks and the exchange of 29 experts. In this way, the extent of technical cooperation was gradually increasing. However, in the main RCD economic activity it was largely commercial and the British Foreign Office believed that it had been decided not to use it greatly for mutual technical assistance, since all three countries were recipients of foreign aid in this field.⁶⁷

The communiqués of July 1964 gave great importance to the common Islamic cultural heritage of the three countries and it was decided to explore all the possibilities for expanding cooperation in the cultural field. A regional Cultural Institute which began functioning in June 1966 was set up in Tehran with this aim. Cultural programmes included the exchange of musicians, artists, scholars, sportsmen and cultural educational delegations; the holding of seminars, sports tournaments and photographic exhibitions; and the publication of books on history and literature. An agreement was also signed between the three national news agencies allowing the exchange of news, photographs, and feature material. There were also exchange visits by journalists.⁶⁸

The three countries made an agreement in July 1964 to formulate and implement joint purpose industrial projects for which none of these countries alone could provide a sufficient domestic market. In July 1965, the Ministerial Council drew up a list of 19 industries considered as possible joint enterprises and ordered studies to be made on them as soon as possible. Regarding the fact that some of the industries were of more interest to one partner than another, the studies were allocated as follows: electronics, aluminium and basic pharmaceuticals, dye stuffs, chemicals and lubricating oils to Iran; motor vehicles, electrical machinery and equipment, heavy engineering goods, machine tools, banknotes, agricultural machinery and equipment to Pakistan; and cement, locomotives, sugar, shipbuilding, iron and steel, and coal to Turkey. They were to relate to markets, economic and technical feasibility, installed and planned capacity and production. Most of the studies were completed by the first half of 1966, but concrete achievements were made in only three fields: carbon black, aluminium and banknote paper. The banknote paper project was already under way when it was adopted as a RCD joint enterprise, and it was assumed that the other two projects would probably be undertaken by the individual countries concerned.⁶⁹

A security paper mill for the production of banknote paper was established in Karachi in March 1966. With the exception of Pakistan, which hoped to replace the UK as the main supplier for the region, RCD initially showed very little enthusiasm

for the adoption of this project. In May 1966, however, the Ministerial Council gave approval in principle for the implementation of the project on a joint equity and production sharing basis. Agreement on this project was finalized in June 1967, and the banknote paper mill was expected to be in production in 1968, with a capacity of 2,150 tons. The total cost was estimated to be about \$2.6 million, 80 per cent of which will be provided by Pakistan, with Turkey contributing \$200,000–250,000, and Iran \$265,000. Iran and Turkey both offered to buy their requirements for banknote and security paper from Pakistan.⁷⁰

The aluminium plant in Iran was approved in principle as an RCD project by the Ministerial Council in May 1966. In August 1966 an agreement was signed for this plant between Iran, the US firm Reynolds Aluminium, and Pakistan, who were to divide the shareholding in the ratio of 65, 25 and 10 respectively. The cost of the plant was \$44.5 million and its capacity was 50,000 tons a year. Iran and Pakistan were expected to take 10,000 tons of aluminium a year each, the remainder being for export. Turkey was to supply raw materials for the plant, but was planning a separate plant on its own territory as a joint venture with Russian collaborators. The Foreign Office believed that it would take some time before the RCD plant was realized. It was not expected for Iran and Pakistan to put up much of the foreign exchange costs.⁷¹

The carbon black project in Iran was agreed on in principle at the Ministerial Council of May 1966, and that of January 1967 reported that the finalization of the agreement was imminent. This project was only of concern for Iran and Pakistan, since Turkey already had a carbon black project of its own. The capacity of the Iranian plant was to be 14,000 tons, of which Iran required 4,000 tons, Pakistan 5,000 tons, the remainder being for export. It was hoped to set the plant up with 50 per cent Iranian participation, with the rest of the equity shared between Pakistan and the United Carbon Company of the US. Reports dated December 1966 showed that Pakistan was planning to invest \$2.5 million in this project.⁷²

The communiqués of the two 1967 Ministerial Council Meetings indicated that more joint projects were to come, but the Foreign Office considered all such plans to be suspect until they materialized. At the meeting in August 1967, the need to make faster progress in the implementation of joint purpose projects was stressed. A time limit was set for the circulation of project reports for those already approved, which included a locomotive plant in Turkey, and factories for the production of cotton linter pulp, wires and cables, and ball bearings in Pakistan. Thirteen outline studies were approved in principle and detailed project and feasibility studies on these were to be drawn up by specified dates. They included textile machinery, chemicals, dyes and jute. Twenty-six other industries were also to be the subject of preliminary studies. The Council also approved an Agreement on the Promotion and Operation of Joint Purpose Enterprises, which was to be signed in November 1967.⁷³

The Foreign Office pointed out that the progress made in the construction of joint enterprises was small considering the wide range of industries studied, and that it differed from the original conception. The emerging pattern was that of joint equity participation, with the inclusion of foreign companies, and joint marketing arrangements; while the Foreign Office saw them as ‘satisfactory as far as they go’, it believed they did not meet the original objective of tripartite technical and economic cooperation on actual construction of industrial plants. The emphasis had

been on joint investment, and the degree of cooperation was very loosely determined. In some industries definite decisions had been made to drop the idea of joint production in favour of joint marketing; for example cement, in which it was decided that all three partners wished to be self-sufficient. The recommendations and proposals of other study groups were frequently unrealized, or were temporarily kept to one side, such as the recommendation by the Joint Purpose Enterprises Committee in May 1966, that a joint shipyard be established in Turkey in view of the establishment of the Joint Shipping Line. The Foreign Office viewed coordination in the field of joint purpose enterprises as likely to remain limited, since the pressure on their available resources made it unlikely for any one of the three countries involved to make any substantial contribution to the establishment of an industry in one of the others. However, a tendency was noticed in all three countries to attempt giving an RCD label to any major industrial enterprise with any kind of minor connection with another RCD country, although it was really being set up in their own national interest.⁷⁴

The RCD countries had similar economic structures and many common economic problems. They were developing countries with predominantly agricultural economies; in 1967 the agricultural sector contributed about 45 per cent of Pakistan's Gross National Product and slightly less of Turkey's. Iran's situation was somewhat different because of its oil industry, but it was still predominantly agricultural, with few other industries apart from oil. All three countries had development plans for industrialization and diversification of their economies, and were receiving foreign aid and credit. Turkey was slightly in advance of the other two in the stage of industrial development reached, but its industrial structure was similar to theirs. Like Pakistan, it had a problem common to most developing countries in the first stages of industrialization: balance of payments difficulties. Both countries had an essential need for imports for their industrial growth, and were still unable to balance their increased demand for imports with increased exports. Iran generally had fewer balance of payments difficulties because of its being a petroleum producing country. The Foreign Office attributed this fact, as well as to a smaller population (25.5 million in 1963, against Pakistan's 118.4 million and Turkey's 32.9 million), to its per capita income being more than double that of Pakistan, and considerably more than that of Turkey. However, per capita income was low in all three countries. Poverty was a problem common to all three, and was aggravated by high rates of population growth, particularly in Pakistan. In addition to these problems of low per capita income and imbalance in their payments positions, all three countries faced problems of unemployment, under-utilized capacity, limited possibilities of saving and investment, and illiteracy.⁷⁵

The formation of RCD was an attempt by the three countries to deal with their economic problems by collaborating on a regional basis to strengthen their development efforts. Two main methods were foreseen for aiding development and reducing balance of payments deficits: first, the promotion of trade; second, cooperation in industrialization efforts.⁷⁶

The promotion of intra-regional trade under RCD was attempted largely by means of practical measures such as trade agreements, and an increase of contact

through chambers of commerce. The Foreign Office pointed out the importance of realizing in this connection that the impression should not be created of RCD as a common market, customs union or even free trade area. There was no mention in the communiqués following its formation of the prospect of a general abolition or reduction of tariffs, and there had been no alteration of tariffs by December 1967. There were frequent references in the press to the possibility of a common market, but these ignored the fact that there was very little produced in any one of the countries at that time, other than oil, which the others needed. This point was stressed by the president of the RCD Chamber of Commerce in a statement made in August 1966, which did see a common market as possible once the volume of trade had increased sufficiently to make it practicable. The Foreign Office saw that difficulties would be created for RCD over tariff reductions or the formation of a common market by the fact that Turkey was an associate of the European Economic Community, and that Iran had made tariff agreements with the Community.⁷⁷

The Foreign Office saw the possibility of expansion in intra-regional trade through an increase in trade in existing lines, or through the development of new trade. However, the prospects for any substantial increase in existing trade were not great. Trade figures for the three countries showed that economic intercourse between them was minimal; for example, between 1958 and 1962 more than 98 per cent of the total international trade of the region was with the rest of the world, with intra-regional trade forming less than 2 per cent. In fact the economies of the three countries were not complementary and did not form a natural economic unit; thus, the similarity of their economies placed a limit on intra-regional trade. Basing an estimate on past figures and on optimistic assumptions, the Foreign Office predicted that intra-regional trade would probably play a very insignificant role in these countries in the foreseeable future. However, trade had been so minimal up to then that any change could only be an improvement.⁷⁸

The Foreign Office noticed a slight increase since the formation of RCD and some of the developments planned appeared certain to lead to a further increase. These included the provision of better transport facilities, development of business contacts, dissemination of better information with regard to business potentialities, harmonization of the export and import policies of the three governments in advance, a draft scheme for border markets, and adoption of a payments union. The main hope for expansion lay in the development of new spheres of trade. In view of the industrial growth of the three countries, the Foreign Office saw it probable for future trade to be dominated increasingly by trade in manufactures, thus rendering excessive pessimism about the future growth potential of such trade unnecessary in the long term. The working committee on trade had compiled long lists of possible exports and imports, including industrial goods, between the three countries; and the Foreign Office believed that while these were 'somewhat optimistic', they represented 'a step in the right direction'.⁷⁹

The second method envisaged for aiding development was cooperation over industrialization. Initially much emphasis was placed on the adoption of joint projects, and pooling of the countries' resources in fields which were too large for them to handle individually. However, the obstacles proved innumerable, and none were under way by December 1967. A second and more practicable method of industrial cooperation was evolved involving agreement by the countries to specialize

in different fields, utilizing the market of the whole region of 160 million people in cases where the domestic market for a product was insufficient to ensure the economic viability of a project. This regional specialization entailed the dovetailing of national plans, a function carried out by the Regional Planning Council. In the Foreign Office's opinion, the advantages of such specialization were great. It remarked that nations in the initial stages of industrialization frequently went for more and more import substitution, because of balance of payments difficulties. If this was done by the three countries together, either by joint purpose projects or by regional specialization, the RCD plan would avoid an uneconomic proliferation of small import substitution industries in each country. However, the process of regional specialization was baulked by conflicting national aspirations and progressed slowly.⁸⁰

The Foreign Office did not expect the balance of payments effects of these efforts to promote trade and industrial cooperation to be impressive in view of the insignificant character of intra-regional trade and the slow pace of industrial cooperation. RCD was unlikely to reduce the region's dependence on the rest of the world by a significant amount. The Foreign Office saw it basically as a modest attempt by the countries to tackle some of their economic and social problems collectively.⁸¹

The formation of a new organization by Iran, Turkey and Pakistan to cover much the same ground as CENTO in economic, technical and cultural cooperation led to the impression of dissatisfaction with CENTO, in spite of the assurances of Iran and Turkey that they intended no derogation. It was the Foreign Office's opinion that irritation at the shortcomings of CENTO in the economic sphere was probably not the main cause of dissatisfaction: aid from the US and UK had recently been increased, and the regional members had expressed their satisfaction with the economic programme at the CENTO Ministerial Council in April 1964. The incentive which led to the formation of RCD, according to the Foreign Office, was almost certainly an expression of discontent with the politico-military aspects of CENTO, and in particular with the organization's lack of support for the regional members on political issues such as Cyprus, Kashmir, and United Arab Republic ambitions in the Persian Gulf.⁸²

The British and American representatives in the CENTO Council on 30 July 1964 officially welcomed RCD as a step towards increasing regional cooperation, stressing that the latter had always been one of CENTO's aims. The British government, however, was concerned about the danger of RCD duplicating and consequently weakening CENTO, and adopted a '*wait and see*' attitude in the hope that it would prove complementary to CENTO. All three regional countries, on the formation of the new organization, emphasized that it would in no way have any effect on CENTO's activities. The Turks and Iranians gave assurances that the organization was concerned with economic, technical and cultural cooperation alone, and had no political or military significance. Whatever the founders' original intention, however, the very establishment of RCD and the closer cooperation it brought about among the three countries was of political significance. The Foreign Office viewed the formation of RCD as 'undoubtedly an expression of the three member countries' desire to formulate their own policy independently of their British and American allies'.⁸³ The political significance of the organization tended to increase, although

there was no provision for a political organ. The members were drawn closer together by their common aims and common discontent with CENTO, and the latter's own political importance declined correspondingly. There was tendency in all three countries to downgrade CENTO and to promote RCD, the latter getting much more publicity than CENTO, for example. The Pakistanis in particular began attaching increasing political importance to RCD, and pushing for a greater political role for the organization.⁸⁴

The tendency towards an increase in RCD's political importance was caused by the RCD Summit at Ramsar in August 1967. The three RCD countries formed a closer clique within CENTO, and at the same time it became apparent that more importance was being attached to CENTO by these countries than the tendency of that time to downgrade that organization would have suggested. Turkey and Iran, at least, did not drift towards 'neutralism', as it was at first thought they would. They recognized that CENTO had brought practical economic benefits, and still attached a certain value to CENTO's politico-military aspects, partly as a demonstration of continuing interests in the area on the part of the UK and US. They also recognized that RCD would not be able to provide an effective substitute for the military side of CENTO, and fear that if CENTO broke up Pakistan might face further eastwards in its political alignments.⁸⁵

In the economic sphere, the regional countries realized that joint projects of any size needed foreign capital and technical assistance. They tacitly accepted the practical distinction formulated by Dr. A.A. Khalatbary, the secretary-general of CENTO, whereby projects needing financing of the order that only the US and UK could provide were left to CENTO, while RCD dealt with intra-regional cooperation which could be promoted without outside support. Contacts between the two organizations were still minimal, however. The British government took the stance that any contact between them for the purpose of a delimitation of spheres of economic activity should be the result of an initiative of the regional countries; but the latter, mainly Pakistan, avoided overt cooperation with CENTO, for fear that the independence of RCD might appear compromised. As a result there had been no check on the growing tendency of RCD to encroach on fields where CENTO was already active: surface communications; technical cooperation; health and family planning; and agriculture and water resources development. There was a danger of reduplication, but up until that date this had not been of any practical consequence.⁸⁶

In July 1964, the tripartite communiqué stated that the three countries would be pleased to consider the participation of other countries in the region in RCD, and there was continued emphasis on the fact that it was not an exclusive organization. In August 1964, the possibility of the inclusion of Indonesia received much publicity in the press, after some public remarks by the Pakistani foreign minister, Zulfikar Ali Bhutto, stating that the chances of a South East Asian country joining were bright. However no formal approach was made by either side, and there seemed to be no serious possibility of Indonesian membership. There was little inclination to welcome the inclusion of Indonesia on the part of Iran and Turkey, which had little in common with that country. As a result, Pakistan and Indonesia introduced a purely bilateral arrangement between themselves on similar lines to RCD. Moreover, Indonesia had taken the lead in forming a grouping of South East Asian nations for regional cooperation (Association of South East Asian Nations, on 8 August 1967).

The Foreign Office believed it was therefore unlikely that Indonesia was interested in the Turkey/Iran/Pakistan association.⁸⁷

In the Foreign Office's opinion, Afghanistan was a more natural associate of the RCD countries, geographically, culturally and economically, even though its economy was much less developed than theirs. It had formal links with Iran and Turkey before the Second World War, in the Saadabad Pact. Iran and Pakistan had often reiterated their desire that Afghanistan should become a member of RCD. The first suggestion to Afghanistan that it should join the new grouping was probably made by President Ayub Khan, when he paid a formal visit to Kabul, en route to Tehran and Ankara, early in July 1964.⁸⁸

However, the Afghan reaction to RCD was one of extreme caution. The British ambassador to Kabul warned that it would be a mistake to put too much pressure on the Afghans to join RCD. He said that it would be some time before the Afghans felt able to create new, formal links with their CENTO neighbours, mainly because of predictable Soviet reactions. He added that while the Afghans did want closer practicable ties with Iran and Pakistan, they were likely to back down if any attempt was made to press them into formal membership of the new organization.⁸⁹ According to the ambassador, the main reasons for the extremely cautious Afghan approach to the new organization seemed to be as follows:

- a) They are preoccupied at the moment with their own internal problems and the political climate is not favourable for any such sweeping move.
- b) They are unwilling to break their principle of non-involvement to join any organisation, even of close neighbours, which may be controversial and provoke opposition from elsewhere. In particular they fear that an Afghan link with the three regional members of CENTO would be represented by the Soviet Union as a major change in policy and might in turn result in a change in Soviet policy towards Afghanistan.
- c) The Pashtunistan problem is still at least formally an issue with Pakistan.
- d) There is suspicion that, certainly from the Iranian and perhaps from the Turkish point of view, the proposed new organisation has an anti-Arab slant and the Afghans have no desire to be in any way drawn into Iran's quarrel with Iraq and the United Arab Republic. As far as religion is a factor the Afghans, as Sunni Muslims, are closer to Cairo than to Tehran.⁹⁰

Therefore, any compromise of Afghanistan's strict neutrality by the conclusion of formal links with an organization whose members were all party to a western defence pact was not likely to be welcomed by the Afghans because of predictable Soviet reactions. If the Afghans were to think seriously of joining a regional community, they would probably prefer to become members of a wider association than RCD, possibly including the Soviet Union and India. Although they did appear to want improved relations with their RCD neighbours, they preferred this to be through bilateral links in fields such as tourism, trade and communications, rather than by formal links. One such agreement on trade and transit was signed with Pakistan in March 1965. The Afghans had requested RCD papers, and these were being supplied, but whether their interest would extend any further was doubtful. Indeed before Afghanistan or any other additional members could be expected to be

attracted to the pact, it would have to be shown that the agreement represented visible benefits for the participating countries. There were thus no visible signs at that time that Afghanistan might join the organization, but the Foreign Office stated that the possibility should not be entirely ruled out should RCD manage to build up a reputation both for success and independence of the West.⁹¹

Since the first 12 years of applications were unsatisfactory, the three heads of state (Turkey, Iran and Pakistan) held a summit in Izmir on 22 April 1976 and made amendments to the declaration of 22 July 1964. According to these new decisions, the Treaty of Izmir was signed in 1977 as the legal framework for the RCD. In spite of all these efforts, the RCD was unsuccessful. However, it remained in operation up to the end of 1978, but then lapsed into dormancy from 1979 to 1984. The organization's objective to liberalize intra-regional trade failed due to its inability to provide a workable format for the expansion of trade or a mechanism for the mobilization of resources from within the region. Undoubtedly, the political and economic instability in Iran following the 1979 revolution and ensuing war with Iraq were major factors in the demise of the regional organization.⁹²

Recognizing that the facilitation of intra-regional trade was the key to regional economic self-reliance and independence, Iran, Turkey and Pakistan revitalized the organization with a modified institutional structure in January 1985. However, the new organization, renamed the Economic Cooperation Organization (ECO), did not begin to function in its full capacity until the amendments to the Treaty of Izmir, which was adopted as the basic Charter of ECO and modified to provide a proper legal basis to ECO's transition from RCD at the ministerial meeting held in Islamabad in June 1990. Following the amendments in the Treaty of Izmir, ECO was fully launched in early 1991.⁹³

The changed circumstances of the region, mainly the post-war reconstruction of Iran and the emergence of the newly independent states of Central Asia and the Caucasus, boosted the revitalization of the regional organization. The break-up of the former Soviet Union led to the independence of the Republics of Central Asia and the Caucasus. In their bid to open up to the outside world, and as a manifestation of their urge to revive their historic affinities with the peoples of Iran, Pakistan and Turkey, six of these Republics; namely Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan along with Afghanistan sought the membership of ECO and were admitted into the organization in November 1992.⁹⁴

RCD was set up by the regional members of CENTO, Iran, Turkey and Pakistan, in July 1964 to promote economic, technical and cultural cooperation between the three countries. However, lack of funds, conflicting interests, administrative difficulties, and a decision to concentrate initially on relatively simple projects contributed to make progress under RCD slow.

The formation of RCD was a move by three underdeveloped countries with similar economic structures to strengthen their development efforts by regional collaboration. Attempts were made to promote intra-regional trade. Existing trade between the countries was minimal, and the prospects for any substantial increase were limited by the similarity of the three economies. The main hope for expansion

lay in the development of new spheres of trade, particularly in manufactures. Cooperation over industrialization had made slow progress, and had taken the form of agreements by the countries to specialize in different fields, rather than of joint projects.

Despite assurances to the contrary, the drive which led to the formation of RCD was almost certainly an expression of discontent with the politico-military aspects of CENTO. The US and UK officially welcomed RCD, in the hope that it would prove complementary to CENTO. The founders stressed that RCD had no political or military significance, but there had been a steady growth in RCD's political significance since its formation, and a corresponding decline in that of CENTO. Despite this tendency, however, Iran and Turkey at least still attached a certain value to CENTO's politico-military aspects, recognizing that RCD could not provide an effective military substitute. In the economic sphere there was a danger of reduplication in the two organizations' activities, particularly since contacts between them were minimal, although this was of little practical consequence.

The inaugural communiqué of RCD stated that the three countries would be pleased to consider the participation of other countries of the region in the organization. The possibility of Indonesian membership received much publicity in 1964, but no formal approach was made from either side. The RCD countries frequently reiterated their desire that Afghanistan should become an associate of the organization, but there were no visible signs of this happening.

RCD facilitated communication and served modest political ends, but its prime ambitions for joint economic projects were never met. Over the course of a 15-year history (1964–79), RCD had planned 81 economic projects, of which 49 were approved but only 17 were actually implemented. Each country placed higher priorities elsewhere, Turkey looking toward closer ties with Western Europe, Pakistan being distracted by its adversarial relations with India, and Iran looking to dominate the Persian Gulf. With the fall of the Shah's regime in 1979, the organization entered a passive period until 1984. In January of 1985, the same three countries established a new organization called ECO with the aim of encouraging economic, technical and cultural cooperation.

Notes

All references to sources prefixed by FCO, FO and DO refer to materials held at the UK National Archives, Kew Richmond, Surrey, formerly the Public Record Office. The following collections have been consulted: Commonwealth Relations Office and Commonwealth Office: South Asia Department: Registered Files (SEA Series). Sub-series within DO 196: CENTO (CENTRAL TREATY ORGANISATION). DO 196/327: Increased cooperation outside CENTO between Turkey, Iran and Pakistan, 1964. Foreign and Commonwealth Office and predecessors: Research Department: Registered Files (LR and RR Series). Sub-series within FCO 51: RESEARCH MEMORANDA. FCO 51/38 Regional cooperation for development: Pakistan/Turkey/Iran.

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3. DO196/327, A visit to Turkey by the President of Pakistan, 8 July 1964. DO196/327, From Ankara to Foreign Office, 4 July 1964. Also see, *Olaylarla Türk Dış Politikası, 1919–1995* (Ankara: Siyasal Kitabevi, 1996), pp.484–7.

4. At the time of the Chinese confrontation in 1962, Turkey had offered to send arms to India but later withdrew this offer at the instance of Pakistan.
5. DO196/327, From Ankara to Foreign Office, 7 July 1964.
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12. DO196/327, From Ankara to Foreign Office (the text of Turkish–Pakistan–Iranian Communiqué issued on 5 July 1964), 7 July 1964.
13. DO196/327, A visit to Turkey by the President of Pakistan, 8 July 1964.
14. All three countries were members of CENTO. Turkey is also a member of the North Atlantic Treaty Organization (NATO), and Pakistan of the South East Asia Treaty Organization (SEATO).
15. DO196/327, A visit to Turkey by the President of Pakistan, 8 July 1964.
16. Ibid.
17. DO196/327, From Sir Denis Allen to R.A. Butler, 8 July 1964.
18. DO196/327, From Foreign Office to Washington, 9 July 1964.
19. DO196/327, From Washington to Foreign Office, 11 July 1964.
20. DO196/327, From Foreign Office to Ankara, 17 July 1964.
21. DO196/327, Inward telegram to Commonwealth Relations Office, 13 July 1964.
22. Ibid.
23. Ibid.
24. DO196/327, From Foreign Office to Ankara, 17 July 1964.
25. Ibid.
26. DO196/327, From Tehran to Foreign Office, 18 July 1964.
27. DO196/327, From Ankara to Foreign Office, 23 July 1964.
28. Ibid.
29. Ibid.
30. Ibid. For the texts of the Joint Statement by the Heads of Government of Iran, Pakistan and Turkey on 21 July 1964; and the Joint Statement by the Heads of State of Iran, Pakistan and Turkey on 22 July 1964, see İ. Soysal, *Türkiye'nin Uluslararası Siyasal Bağlıları Cilt: II (1945–1990), Kesim A (Çok Taraflı Bağlılar)* (Ankara: TTK Yayınları, 1991), pp.510–20.
31. DO196/327, From Ankara to Foreign Office, 23 July 1964.
32. DO196/327, From Foreign Office to Washington, 24 July 1964.
33. Ibid.
34. DO196/327, From Washington to Foreign Office, 24 July 1964.
35. DO196/327, From Tehran to Foreign Office, 25 July 1964.
36. DO196/327, From Ankara to Foreign Office, 4 Aug. 1964.
37. Ibid.
38. Ibid.
39. All three countries were members of CENTO. Turkey is also a member of the North Atlantic Treaty Organization (NATO), and Pakistan of the South East Asia Treaty Organization (SEATO).
40. FCO/51/38/LR6/15, Joint Research Department Memorandum on RCD, 19 Dec. 1967.
41. Ibid.
42. Ibid.
43. Ibid.
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78. Ibid.
79. Ibid.
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81. Ibid.
82. Ibid. Also see B. Oran (ed.), *Türk Dış Politikası: Kurtuluş Savaşından Bugüne Olgular, Belgeler, Yorumlar, Cilt I: 1919–1980* (İstanbul: İletişim Yayınları, 2003), pp.803–5.
83. FCO/51/38/LR6/15, Joint Research Department Memorandum on RCD, 19 Dec. 1967.
84. Ibid.
85. Ibid.
86. Ibid.
87. Ibid.
88. Ibid.
89. DO196/327, From Kabul to Foreign Office, 11 July 1964.
90. DO196/327, From Kabul to Foreign Office, 22 July 1964.
91. FCO/51/38/LR6/15, Joint Research Department Memorandum on RCD, 19 Dec. 1967.
92. S.R. Hussain, 'Political Economy of Pakistan's Relations with Central Asian Republics', *Regional Studies* (Autumn 1992), p.4; M.A. Bhatti, 'Pakistan and ECO – 1995', *Regional Studies* (Winter 1995), p.103. Also see Soysal, *Türkiye'nin Uluslararası Siyasal Bağlıları Cilt*, pp.496–7, 518–31.
93. Ibid.
94. Ibid.